

MINUTES OF THE ANNUAL MEETING  
OF THE STOCKHOLDERS

OF

MINERALES INDUSTRIAS CORPORATION

Held at the Makati Sports Club, Makati City

On May 23, 2012, 2:00 p.m.

PRESENT:

Stockholders Present in Person	8,756,996
Stockholders Present by Proxy	102,594,384
<b>Total No. of Shares Present/ Represented</b>	<b>111,351,380</b>
<b>Total No. of Shares Outstanding</b>	<b>190,000,000</b>

1. Call to Order

The Chairman of the Board, Mr. Michael T. Defensor, called the meeting to order and presided over the same. The Corporate Secretary, Atty. Ana Maria A. Katigbak, recorded the minutes of the proceedings.

2. Proof of Notice

The Corporate Secretary reported that the Definitive Information Statement and Notice of the meeting were transmitted by personal delivery or by mail to the stockholders of record at their respective addresses indicated in the corporate records at least 15 business days before the meeting.

3. Certification of Quorum

The Corporate Secretary reported that based on the certification of the Corporation's stock and transfer agent, at least 111,351,380 shares were present or represented by proxy at the meeting out of the total of 190,000,000 outstanding shares. This constitutes 58.61% of the Corporation's outstanding capital stock. She then certified that a quorum existed for a valid transaction of business.

4. Approval of Previous Minutes

Upon inquiry by the Chairman, the Corporate Secretary advised that copies of the minutes of the previous stockholders' meeting held on July 27, 2011 were provided to the stockholders upon registration at the meeting. After some discussion and upon motion made and duly seconded, the said minutes were deemed read and approved by the stockholders.

5. Management Report

The President, Mr. Gener Mendoza, rendered the management report. The following highlights were noted:

- Income for the year amounted to Php0.099 million, derived mainly from gain on sale of marketable securities. This is 24% lower than the Php0.13 million income posted in 2010.
- Operating expenses for the year amounted to Php1.53 million (excluding provision for impairment of Php1.99 million). This shows a slight increase of 4.8% over the Php1.46 million operating expenses reported in 2010. The increase mainly came from the following: (i) salaries and wages increased by 12.6% or from Php0.36 million to Php0.41 million; (ii) utilities increased from Php0.12 million to Php0.18 million, and (iii) office supplies and printing costs increased by Php0.06 million, which is mainly related to the holding of the annual stockholders' meeting in July, 2011.
- The twelve-month operation of the Company ended with a net loss of Php3.42 million compared to the net loss of Php1.33 million in 2010. This was mainly due to the provision for impairment of input VAT and creditable withholding tax amounting to Php0.85 million and Php1.14 million, respectively.
- Total assets decreased by 49.4% or from Php7.05 million in 2010 to Php3.57 million in 2011 largely due to the impairment of input VAT and creditable withholding tax totaling Php1.99 million.
- Cash and cash equivalents went down by 28.7% from Php4.97 million in 2010 to Php3.55 million in 2011.
- Current ratio decreased from 58.75x in 2010 to 29.86x in 2011; net working capital totaled Php3.45 million in 2011 as compared to Php6.93 million in 2010.
- Total stockholders' equity went down by 50.3% from Php6.93 million in 2010 to Php3.45 million in 2011, due in large part to the provision for impairment of input VAT earlier mentioned.
- For the year ended December 31, 2011, net cash used in operations amounted to Php1.6 million as compared to Php1.8 million in 2010. The 2011 total includes the net loss of Php3.42 million and gain on sale of marketable securities of Php0.09 million. For 2011, provision for impairment of Php1.99 million was recognized on the input VAT and creditable withholding tax balances. Prepaid and other current assets increased also by Php0.08 million while accrued expenses and other payables remained flat.

After some discussion, the management report was noted by the stockholders.

#### 6. Ratification of Acts of Officers and Directors

The stockholders then proceeded to discuss the acts of management and the Board of Directors for the past year. After some discussion and upon motion made and duly seconded, the following resolution was approved:

*“RESOLVED, That the stockholders of **Minerales Industrias Corporation** (the “Corporation”) approve, ratify and confirm, all the acts, decisions and resolutions of the Board of Directors and officers of the*

*Corporation made or undertaken in the year 2011 and until the date of this meeting as they are reflected in the books and records of the Corporation."*

7. **Appointment of External Auditors**

The Chairman advised that the next item in the agenda is the appointment of external auditors. Upon motion made and duly seconded, the following resolution was approved:

*"RESOLVED, That the stockholders of **Minerales Industrials Corporation** approve, ratify and confirm, the appointment of SyCip, Gorres, Velayo & Co. as the external auditors of the Corporation for the current year."*

8. **Election of Directors**

The meeting then proceeded with the election of directors for the current year. The Corporate Secretary stated that under Article VI of the Amended Articles of Incorporation, there are seven (7) seats in the Board of Directors. Under SRC Rule 38, on the other hand, public companies are required to have at least two (2) independent directors. The Corporation received a total of five nominees for regular directors and two nominees for independent directors, namely:

**For Regular Directors:**

GENER T. MENDOZA  
ISABELITA P. MERCADO  
ANTONIO VICTORIANO F. GREGORIO III  
FRANCIS-NEIL P. MERCADO  
JOSEPH QUITIN Y. LAO

**For Independent Directors:**

VICTORIA M. VAZQUEZ  
WILLIAM D. TY

On motion made and duly seconded, the above nominees were unanimously elected as directors of the Corporation for the current year to serve as such for a period of one year and until their successors are duly elected and qualified.

9. **Adjournment**

There being no further business to transact, the meeting was thereupon adjourned.

ATTEST:

  
MICHAEL T. DEFENSOR  
Chairman of the Stockholders' Meeting

  
ANA MARIA A. KATIGBAK  
Secretary of the Stockholders' Meeting